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Chile

Canned Deciduous Fruit

Annual

2005

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Report Highlights:

Although it is early to predict next year's production, Chile's canned peach production and exports in MY2005 are expected to fall slightly due to adverse weather conditions during June-August.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1]
[CI]

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Executive Summary

The initial forecast for Chilean canned peach production and exports for MY2005 (Jan-Dec 2006) shows a slight fall in production when compared to last year, as adverse weather conditions during the winter are expected to affect total output of peaches for canning.

Production

Although it is still early for a good prediction, production forecasts for MY2005 (Jan-Dec 2006) indicate a lower output than last year. Mild temperatures during May-Aug and limited cold hours adversely affected budding. Additionally, frost in most growing areas during early September also is expected to have a negative effect on peaches for canning in the coming year.

Our new MY2004 (Jan-Dec 2005) production estimates show a larger than previously reported output. Excellent weather during May-Sep 2004 that included sufficient cold hours and no frost in the mayor growing areas had a positive effect on peach production both in terms of quantity and quality. A larger percentage of fruit than previously predicted will be destined for canning.

Peach production in Chile normally is delivered fresh to canneries without any pre-selection. A certain percentage of the fruit is rejected immediately before being processed and destined mainly for pulp production. The difference between the figure for production and deliveries includes canning rejects, which are either processed as juice or pulp, or totally discarded as waste. The pulp is used for a variety of products, including jams and confectionary products and also exported.

Planting estimates show that a little over 7,000 hectares are planted to peach varieties for canning purposes according to the latest figures published by the Ministry of Agriculture. Approximately 2,500 hectares are planted north of Santiago in Region V (San Felipe-Los Andes). In the Santiago Metropolitan Region there are 1,422 hectares. The remainder is mostly planted south of Santiago in Region VI (Rancagua). Some replanting with improved varieties continues to take place, but an expansion in either total area planted or production is not foreseen in the near future. Over 27 different peach varieties for canning are planted in Chile. The most popular varieties that account for 75 percent of total planted area are Pomona, Andros, Fortuna and Phillip's Cling. Other varieties like Doctor Davies, Everts and Loadel do not exceed 6 percent each.

Peaches are canned only during the principal harvest season, which runs from December through April. Some canneries, but not all, can process other types of fruit (pears) or vegetables. Almost all canneries also produce pulp and some produce juice.

Prices offered to farmers for peaches for canning fell again in 2005, reflecting a large supply of fruit for canning.

Farm Prices for Peaches for Canning Purposes		
Year	Chilean Pesos per MT	U.S. Dollars per MT
2000	126,250	250.00
2001	80,000	143.00
2002	85,000	128.21
2003	120,000	174.17
2004	150,000	246.00
2005	85,000	146.00
Note: Chile's 2004 inflation rate was 1.42 percent, up from 1.07 percent in 2003.		

Consumption

There are no official statistics on canned peach consumption, production and ending stocks. These figures are derived from the only known data, i.e., the export figures and limited information supplied by the canning industry. As a result, consumption figures may vary from report to report. In general, however, demand for canned peaches in Chile is considered to be relatively stagnant. This is partly the result of increased competition from alternative products, particularly ice cream and yogurt. Small profit margins do not permit canneries to advertise their products in the domestic market, because the potential advertising benefits are not justified by the high cost.

Trade

Due to strong demand for Chile's canned peaches mainly from Mexico, total exports in MY2003 (Jan-Dec 2004) were slightly larger than our previous estimates. Total exports for MY2004 (Jan-Dec 2005) are forecast to stay at similar level to the previous year. A little over 90 percent of Chile's canned peaches are exported to Latin American countries. Mexico has become by far the largest market for Chilean canned peaches. The industry expects to keep their share of exports to Latin American in the coming years, as a Mexican company called La Costena bought 50 percent of Corpora, Chile's largest canned peach producer, at the end of CY 2003 and they have particularly good ties to Chile's principal export market. Additionally, Mexico has a high import duty (23%) for Greek canned peaches, Chile's largest potential competitor in that market.

After several years of almost no canned peaches export to the United States, deliveries began again in 2004. Exports of specialty products like fruit cups, which mainly contain canned peaches (diced), have been increasing. A shortfall in US production is expected to help sustain continued exports to the United States.

Please note that the export figures in the trade matrix for 2005 only cover January through July.

Policy

Chile has no production supports or subsidies for canned peaches.

PSD Table							
Country	Chile						
Commodity	Peaches, Canned				(MT)(MT, Net Weight)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Deliv. To Processors	80000	80000	80000	82000	0	79000	(MT)
Beginning Stocks	1517	1517	2367	1511	2567	1911	(MT, Net Weight)
Production	64000	64000	64000	66200	0	64000	(MT, Net Weight)
Imports	1450	1486	1000	500	0	500	(MT, Net weight)
TOTAL SUPPLY	66967	67003	67367	68211	2567	66411	(MT, Net Weight)
Exports	52000	53992	52000	53500	0	52000	(MT, Net Weight)
Domestic Consumption	12600	11500	12800	12800	0	12600	(MT, Net Weight)
Ending Stocks	2367	1511	2567	1911	0	1811	(MT, Net Weight)
TOTAL DISTRIBUTION	66967	67003	67367	68211	0	66411	(MT, Net Weight)

Export Trade Matrix			
Country	Chile		
Commodity	Peaches, Canned		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	2750	U.S.	1144
Others		Others	
Mexico	24467	Mexico	11682
Peru	8591	Peru	2543
Colombia	5016	Ecuador	1935
Ecuador	4703	Colombia	1640
Venezuela	1755	Thailand	1204
Thailand	1567	Venezuela	1163
Bolivia	1423	Bolivia	440
Guatemala	855	Guatemala	350
El Salvador	718	Philippines	323
Costa Rica	565	Costa Rica	248
Total for Others	49660		21528
Others not Listed	1582		786
Grand Total	53992		23458
Note: Trade data for CY2005 covers Months of January through July only.			